

Sheridan County Commissioners

100 W. Laurel Ave.
Plentywood, MT 59254
Tel: (406) 765-1660 Fax: (406) 765-2602

EXHIBIT 12
DATE Feb 7, 2011
HB 316

Gerald Kohler

Robert Nikolaisen

William "Bill" Nyby

February 3, 2011

To: House Joint Appropriations Subcommittee on Long-Range Planning

Subject: HB 316

Chairman McNutt and Committee Members;

We are going to focus our information on the oil and gas production tax revenue that Sheridan County receives. We are sure that the other revenue streams included in this bill will impact the counties in a similar way in our providing of services to the people of Montana.

Sheridan County strongly opposes House Bill 316. This bill, if passed would increase our constituent's property taxes to cover the shortfall in revenue attributed to the production taxes from oil and gas production within the county.

In FY2010, the non-tax revenue estimate for the county budget was \$3,312,968.00 of which \$1,121,250.00, 34.45%, was from oil and gas revenue. In FY2011, the non-tax revenue estimate for the county budget was \$3,363,490.00 of which \$1,718,350.00, 51.08%, was from oil and gas revenue. These figures represent just the major funds—general, road, bridge, weed, fair, airport, district court, library, senior citizens, extension and law enforcement—of the county budget. This bill would also affect revenues in the special districts—fire, cemetery, hospital and school—of the county.

The first 2 quarter oil and gas checks for FY2011 totaled \$2,444,944.00 which would equate to an annual amount of \$4,889,888.00. Sheridan County's share of those first two quarter checks represented 47.99% of the total amount of taxes collected. Of Sheridan County's share of this revenue, county government receives 46.76% and the school districts receive 53.24%. The State of Montana received 52.01% or \$2,649,750.00 of the total amount of taxes collected for those same two quarters. A 10% reduction would represent a revenue loss of \$488,988.80 to Sheridan County.

A mill in Sheridan County raises \$10,419.33. To provide the same government services that are currently being provided, the county would have to levy an additional 46.93 mills to recover the shortfall. This would not be a popular decision and would definitely cause much concern with the taxpayers of the county.

This increase in mills due to this loss of non-tax revenue poses another problem for counties. The counties in Montana are bound by a statutory limit of property taxes that can be raised in a given fiscal year. If counties are at or close to their statutory limit with the current revenue they receive from oil and gas revenue, they will be forced to reduce or cut government services to the people because they are limited to the amount of property taxes they may collect. I think we all can agree that raising taxes and cutting services are very unpopular decisions.

Local government officials are closest to the people and if this proposal is allowed to play out, we will be receiving many telephone calls and visits from our constituents asking why we allowed this to happen. That is why we are asking you to oppose this bill and recommend a "do not pass" on HB316.

Following is a breakdown of some of the departments impacted and their loss. These figures are for FY2011:

COUNTY FUNDS & SPECIAL DISTRICTS

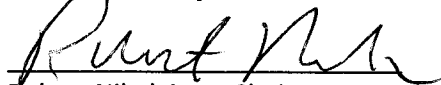
GENERAL FUND	91,460.47
ROAD FUND	38,184.74
BRIDGE FUND	26,523.54
WEED FUND	3,429.77
COUNTY FAIR FUND	4,573.02
CITY/COUNTY AIRPORT FUND	571.63
DISTRICT COURT FUND	3,429.77
LIBRARY FUND	4,573.02
SENIOR CITIZENS FUND	4,573.02
EXTENSION SERVICE FUND	4,001.39
PUBLIC SAFETY FUND	27,438.14
MEDICINE LAKE RURAL FIRE DISTRICT	3,772.74
REDSTONE RURAL FIRE DISTRICT	342.98
OUTLOOK RURAL FIRE DISTRICT	1,486.23
WESTBY RURAL FIRE DISTRICT	2,972.47
PLENTYWOOD RURAL FIRE DISTRICT	4,573.02
PLENTYWOOD CEMETERY DISTRICT	1,143.26
OUTLOOK CEMETERY DISTRICT	457.30
HOSPITAL DISTRICT	5,144.65
TOTAL:	\$228,651.16


COUNTY SCHOOL DISTRICTS, TRANSPORTATION & RETIREMENT FUNDS

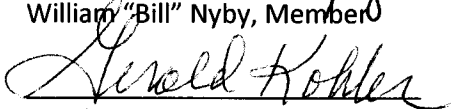
ELEM/HS TRANSPORTATION	10,855.55
HS RETIREMENT	16,576.72
COUNTY SCHOOL DISTRICTS	232,905.37
TOTAL:	\$260,337.64

Again, we are asking you to please consider a "do not pass" on HB316 and we thank you for your time.

Sheridan County Commissioners


Robert Nikolaisen, Chairman


William "Bill" Nyby, Member


Gerald Kohler, Member